
MINIMUM FOUNDATION PROGRAM

FINDING: The Louisiana 1999-00 average classroom teacher salary was \$33,109 which placed the state 14th in National Education Association data for the SREB states which demonstrates that teacher pay needs to be a greater priority within the resources of the MFP.

OPTION 1: Require that new funds appropriated in the MFP be used to increase classroom teacher pay.

Description And Background: The 2001-02 Executive Budget provides additional funding to reflect normal growth of \$70.6 million and states that the increase shall be dedicated to a uniform pay raise of \$1,000 per certificated employee as defined in the PEP report. A Supplementary OPTION of \$70.4 million in SGF represents an additional \$1,000 pay raise for the certificated employees in the PEP report and for certificated nonMFP employees. The Supplementary OPTION is contingent upon revenues derived from the governor's gaming proposal.

Estimated Fiscal Impact: Based on the Executive Budget, a uniform pay raise of \$1,000 to \$2,000 will be given, depending on the availability of revenues.

Action Required To Implement: First, BESE will have to amend its MFP formula to implement an across-the-board pay raise for all school systems, since the present MFP provides new funds only to the less wealthy school systems and restores the one-time reduction to all the school systems. Second, if BESE does not amend the MFP formula, an amendment to the General Appropriations Bill would be sufficient to direct that the new MFP funds be used to provide a pay raise, but only systems receiving new funds would be impacted. Third, legislation is necessary if the legislature wants to require that a school system, in any year in which it receives new MFP funds, provide a pay raise. The legislation will have to state what portion, if not all, of the new funds will be used for pay raises.

FINDING: School systems will have a reduction in retirement costs in 2001-02.

OPTION 1: Request that BESE provide for an adjustment in state MFP funds for 2001-02 as a result of the decrease in employer contribution costs in Teachers' Retirement and the use of a credit in School Employees' Retirement.

Description And Background: The Teachers' Retirement employer contribution will decrease from 14.2 to 13.1 in 2001-02. Based on 1999-00 personnel information, this reduction in contribution costs should reduce school system employer contributions by approximately \$22 million. A second retirement reduction for local school systems will result from a credit in the School Employees' Retirement employer credit account in the amount of \$12 million.

Estimated Fiscal Impact: Assuming that state funds and local funds contributed to employer contributions in earlier years and that state funds should also benefit from retirement reductions, the amount of state funds available to be recouped is approximately \$22-\$23 million.

Action Required To Implement: BESE will have to amend its MFP formula to accomplish this option.